

RESULTS
STATE OIL AND GAS BOARD OF ALABAMA
BOARD MEETING
MAY 5 & 7, 2009

1. DOCKET NO. 6-16-08-16B

Continued amended petition by BENJAMIN V. COODY, d/b/a Pete's Pumping Service, requesting the State Oil and Gas Board to enter an order force pooling, without the imposition of a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Eula Jones #1 Well, Permit No. 1288, located on a 40-acre unit consisting of the Northeast Quarter of the Southwest Quarter of Section 2, Township 10 North, Range 3 West, Choctaw County, Alabama, in the Gilbertown Oil Field.

This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

The public is further advised that, pursuant to this hearing, the applicable provision of the Code of Alabama (1975), and the State Oil and Gas Board of Alabama Administrative Code, the Board will enter such Order or Orders as in its judgment may be necessary in accordance with the evidence submitted and accepted.

BOARD ACTION: Continued 5-7-09

2. DOCKET NO. 3-24-09-10A

Continued amended petition by PALMER PETROLEUM, INC., a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order force pooling, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from the Smackover Formation in Petitioner's proposed Grantham-Bass 14-10 No. 1 Well to be drilled on a 160-acre wildcat unit consisting of the Southeast Quarter of Section 14, Township 4 North, Range 14 East, Covington County, Alabama.

This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Continued 5-7-09

3. DOCKET NO. 3-24-09-11

Continued petition by CORONADO ALABAMA, LLC, an Alabama limited liability company, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order extending the temporarily abandoned status of the Bolden-GSPC 32-1-1 Well, Permit No. 8434-A, located on a 40-acre wildcat drilling unit consisting of the Northeast Quarter of the Northeast Quarter of Section 32, Township 21 North, Range 4 East, Hale County, Alabama, for one year, in accordance with Rule 400-1-4-.17(1) of the State Oil and Gas Board of Alabama Administrative Code and extending the shut-in status of the Burke 29-7 No. 1 Well, Permit No. 3939-A, located on a 40-acre wildcat drilling unit consisting of the Southwest Quarter of the Northeast Quarter of Section 29, Township 21 North, Range 4 East, Hale County, Alabama, for one year in accordance with Rule 400-1-4-.17(2) of said State Oil and Gas Board of Alabama Administrative Code because said wells have future utility and should not be plugged.

BOARD ACTION: Continued 5-7-09 with the stipulation that the temporarily abandoned status of the Bolden-GSPC 32-1-1 Well and the shut-in status of the Burke 29-7 Well be extended until the next regularly scheduled meeting of the Board.

4. DOCKET NO. 5-5-09-01A

Amended petition by SPOONER PETROLEUM COMPANY, INC., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order approving a permit, subject to requirements of Rule 400-4-2-.01 of the State Oil and Gas Board Administrative Code relating to Underground Injection Control, to convert the Chevron-HOR-Alger Tenants 2, et al. Unit No. 2 Well, Permit No. 1548 located 1650 feet from the south line and 1650 feet from the east line of Section 3, Township 1 North, Range 8 East, Escambia County, Alabama, to a Class II injection well for the purpose of injecting and disposing of salt water brought to the surface in connection with oil and/or gas production.

BOARD ACTION: Granted 5-7-09

ORDER NO. 2009-34

5. DOCKET NO. 5-5-09-02

Petition by SPOONER PETROLEUM COMPANY, INC., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order approving an exceptional location for the proposed Chavers 3-14 No. 1 Well to be drilled at a location 240 feet from the North line and 640 feet from the East line of a proposed 40-acre drilling unit consisting of the Southeast Quarter of the Southwest Quarter of Section 3, Township 1 North, Range 8 East, Escambia County, Alabama to be drilled as a wildcat well to the Lower Tuscaloosa Pilot Sand. Said location is an exception to Rule 400-1-2-.02(2)(a) of the State Oil and Gas Board of Alabama Administrative Code which requires that such a well be located 330 feet from any exterior boundary of the drilling unit.

BOARD ACTION: Granted 5-7-09 with the stipulation that the petitioner is not authorized to complete the well in the Cogle Sand Oil Pool.

ORDER NO. 2009-35

6. DOCKET NO. 5-5-09-03

Petition by EXXON MOBIL CORPORATION, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order pursuant to Rules 400-1-7-.01 and 400-1-8-.03 of the State Oil and Gas Board of Alabama Administrative Code approving the proposed measurement and allocation procedures for a 4-inch fuel gas bidirectional jumper pipeline, approximately 1,000 feet in length, between the Onshore Treating Facility return fuel line and the Mary Ann Gas Plant return fuel line, all located in Mobile County, Alabama. In Board Order 2003-81, dated August 1, 2003, the Board approved the construction and installation of the above-described 4-inch jumper bi-directional pipeline to said fuel lines subject to Petitioner requesting approval to commingle the two fuel gas systems and approval of proposed measurement and allocation procedures.

BOARD ACTION: Granted 5-7-09. The Board further ordered that Petitioner file a Petition with the Board addressing the measurement and allocation procedures related to use of the fuel gas jumper pipeline that is the subject of this Petition. Further, Petitioner shall address this matter within one (1) year from the date of this Order at a regularly scheduled meeting of the Board or at the next regularly scheduled meeting of the Board following this one-year time period.

ORDER NO. 2009-36

7. DOCKET NO. 5-5-09-04

Petition by SHELL OFFSHORE INC. ("Shell") a corporation authorized to do and doing business in the State of Alabama. Shell is requesting the State Oil and Gas Board to approve Modification of the Production, Allocation and Reporting Methodology for Shell's Fairway Field, Mobile County, Alabama to be consistent with the Department of Conservation's agreed upon measurement, allocation and reporting methodology. The allocation procedure balances the production volumes from the Fairway Field (State Leases 531, 532) with the volumes of products sold or consumed within the Yellowhammer Plant and Fairway Field. The jurisdiction and authority of the Oil and Gas Board is provided in Section 9-17-1, et seq., Code of Alabama (1975) as amended.

This Petition is filed as a companion to a petition bearing Docket No. 5-5-09-05 requesting approval of the commingling of State and federal natural gas streams.

BOARD ACTION: Continued 5-7-09

8. DOCKET NO. 5-5-09-05

Petition by SHELL OFFSHORE, INC. ("Shell") a corporation authorized to do and doing business in the State of Alabama and Devon Energy Production Company, L.P. ("Devon"), an Oklahoma limited partnership, requesting the State Oil and Gas Board to grant approval of the commingling of State and federal natural gas streams. Devon is the operator of Mobile Area Block 826 OCS G-26176 Well Number 001 (Sleeping Bear), from which federal gas resources will be commingled with State gas resources originating from Shell's Fairway Field, Mobile County, Alabama. The point the commingling will occur will be the Mobile Bay Platform 113A, downstream of Shell's Fairway Field gas allocation meter. Petitioners aver that the processing of the federal gas resources will not change or affect Shell's current State allocation and reporting methodology. The jurisdiction and authority of the Oil and Gas Board is provided in Section 9-17-1, et seq., Code of Alabama (1975) as amended.

This Petition is filed as a companion to a petition bearing Docket No. 5-5-09-04 requesting approval of the Modification of the Production, Allocation and Reporting Methodology for Shell's Fairway Field.

BOARD ACTION: Continued 5-7-09

9. DOCKET NO. 5-5-09-06

Petition by MIDROC OPERATING COMPANY, a foreign corporation authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order approving the exceptional bottom hole location of the Kendall Lands 24-10 Well, Permit No. 15924, as an exception to Rule 3(b) of the Special Field Rules for the Little Cedar Creek Field. Said well was drilled on a 160-acre production unit consisting of the Southeast Quarter of Section 24, Township 4 North, Range 12 East, Conecuh County, Alabama, in the Little Cedar Creek Field, at a surface location 1,965 feet from the South line and 2,110 feet from the East line of said 160-acre production unit, but said well drifted such that the bottom hole location is 517 feet from the North line and 536 feet from the West line of said 160-acre production unit.

Rule 3(b) of the Special Field Rules for the Little Cedar Creek Field requires that a well in said Field be located at least six hundred sixty (660) feet from any exterior boundary of the drilling unit. However, the bottom hole location of the referenced well, being 517 feet from the North line and 536 feet from the West line of said 160-acre unit, is an exception to said Rule.

BOARD ACTION: Continued 5-7-09

10. DOCKET NO. 5-5-09-07

Petition by VENTURE OIL AND GAS, INC., a foreign corporation, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board of Alabama to enter an order approving an exceptional location for the proposed Fountain Farm 4-16 No. 1 Well to be drilled to the Jurassic at a location 433.78 feet from the South line and 1040.02 feet from the East line of a proposed 160-acre drilling unit consisting of the Southeast Quarter of Section 4, Township 2 North, Range 6 East, Escambia County, Alabama to be drilled as a wildcat well in said Escambia County, Alabama. Said location is an exception to Rule 400-1-2-.02(2)(b) of the State Oil and Gas Board of Alabama Administrative Code which requires that such a well be located 660 feet from any exterior boundary of the drilling unit.

BOARD ACTION: Granted 5-7-09

ORDER NO. 2009-37

11. DOCKET NO. 5-5-09-08

Petition by LAND AND NATURAL RESOURCE DEVELOPMENT, INC., an Alabama corporation, requesting the State Oil and Gas Board to enter an order force pooling, with a risk compensation penalty, all tracts and interests in hydrocarbons produced from formations of Mississippian Age, from the re-entry of the Irvin 5-6 #1 Well, Permit No. 11596, located on a 320-acre wildcat drilling unit consisting of the West Half of Section 5, Township 19 South, Range 13 West, Pickens County, Alabama,

This Petition is in accordance with Section 9-17-13, Code of Alabama (1975), as amended, and Rule 400-7-2-.01 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Continued 5-7-09

12. DOCKET NO. 5-5-09-09A

Amended petition by EL PASO E&P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling without risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in a 40-acre drilling unit for the proposed Farmer 2-13-335 Well, having a unit consisting of all of the Southwest Quarter of the Southwest Quarter of Section 2, Township 19 South, Range 10 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code. Petitioner requests that due and proper notice of the hearing on this matter be given in the manner and form and for the time required by law and the rules and regulations of this Board.

BOARD ACTION: Granted 5-7-09

ORDER NO. 2009-38

13. DOCKET NO. 5-5-09-10B

Amended petition by EL PASO E&P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling without risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in an 80-acre drilling unit for the proposed Bane 31-09-332 Well, having a unit consisting of the Northeast Quarter of the Southeast Quarter and the Southeast Quarter of the Northeast Quarter, Section 31, Township 18 South, Range 9 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code. Petitioner requests that due and proper notice of the hearing on this matter be given in the manner and form and for the time required by law and the rules and regulations of this Board.

BOARD ACTION: Continued 5-7-09

14. DOCKET NO. 5-5-09-11A

Amended petition by EL PASO E&P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama to enter an order force pooling with risk compensation, all tracts and interests in coalbed methane produced from the Pottsville formation in a 40-acre drilling unit for the proposed Kimbrough 03-01-454 Well, having a unit consisting of all of the Northeast Quarter of the Northeast Quarter, Section 3, Township 18 South, Range 9 West, Tuscaloosa County, Alabama, in the Blue Creek Coal Degasification Field. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Continued 5-7-09

15. DOCKET NO. 5-5-09-12B

Amended petition by EL PASO E&P COMPANY, L.P., a Delaware limited partnership, authorized to do and doing business in the State of Alabama, requesting the State Oil and Gas Board to enter an order amending Rule 4 of the Special Field Rules for White Oak Creek Coal Degasification Field, Walker, Jefferson and Tuscaloosa Counties, Alabama to allow a second well to be drilled and produced within 80-acre drainage or production units in the Field, in accordance with the provisions of Section 9-17-12b of the Code of Alabama (1975), as amended.

BOARD ACTION: Granted 5-7-09

ORDER NO. 2009-39

16. DOCKET NO. 5-5-09-13A

Amended petition by DE SOTO OIL & GAS, INC., a Florida corporation authorized to do and doing business in the State of Alabama, requesting the State Oil & Gas Board of Alabama ("Board") to enter an order force pooling, without risk compensation, of all tracts and interests in a 640-acre production unit for the Godwin 14-3 No. 1 Well, Permit No. 15687-B, having a production unit consisting of all of Section 14, Township 1 North, Range 7 East, Escambia County, Alabama, in the Big Escambia Creek Field. On February 8, 2008, the Board in Order No. 2008-23, under Docket No. 2-6-08-23, on the petition by De Soto Oil & Gas, Inc. force pooled and integrated with risk compensation the above-described 640-acre production unit in the Big Escambia Creek Field. Following said order Petitioner drilled and completed the Well as a productive gas well in the Big Escambia Creek Field. Petitioner further requests that the Board terminate Board Order 2008-23, the nonconsenting owner under Board Order 2008-23 having consented. De Soto Oil & Gas, Inc. now requests the Board to force pool and integrate all remaining interests in said unit without risk compensation, De Soto Oil & Gas, Inc. having discovered such additional non-consenting owners in said unit subsequent to the drilling of said well. This petition is in accordance with Section 9-17-13, ALABAMA CODE (1975), as amended, and Rules 400-7-1 and 400-7-2 of the State Oil and Gas Board of Alabama Administrative Code.

BOARD ACTION: Continued 5-7-09

17. DOCKET NO. 4-25-06-34

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Lower 15 Oil Corporation to show cause why the following abandoned wells located in the Gilbertown Field, Choctaw County, Alabama, and described hereinbelow should not be ordered plugged and abandoned in accordance with Rule 400-1-4-.14 of the State Oil and Gas Board of Alabama Administrative Code relating to Plugging and Abandonment of Wells and the well sites and associated tank battery sites restored in accordance with Rule 400-1-4-.16 of the State Oil and Gas Board of Alabama Administrative Code relating to Restoration of Location. Additionally, the Frank Gibson #1 Well, Permit No. 1071, which is described hereinbelow under Plugged and Abandoned well was plugged and abandoned on August 21, 1997, however the well site has not been restored in accordance with Rule 400-1-4-.16 of the State Oil and Gas Board of Alabama Administrative Code relating to Restoration of Location. Further, the Board is requesting the operator to show cause why sites, such as well sites, production facility sites, and Class II injection facility sites should not be ordered to be brought into compliance with Rule 400-1-4-.10 of the State Oil and Gas Board of Alabama Administrative Code relating to Site Maintenance.

East Gilbertown Eutaw Unit Wells & Tank Batteries

<u>Permit No.</u> (Tank Battery No.)	<u>Well Name</u> (Tank Battery)	<u>Location</u>
1280	Mattie Clark #1	S1, T10N, R3W
1293	C. F. Stewart Heirs #1	S1, T10N, R3W
(1293 TB)	(C. F. Stewart Heirs #1)	S1, T10N, R3W
1338	Mattie Clark #3	S1, T10N, R3W
10416	Mattie E. Clark #1-6	S1, T10N, R3W
(1343 TB)	(Abston Jones 1-6)	S1, T10N, R3W

Other Well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
1431	Joseph W. Hutchinson, Jr. et al #1	S7, T10N, R3W

Plugged and Abandoned well (well site not restored)

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
1071	Frank Gibson #1	S1, T10N, R3W

BOARD ACTION: Continued 5-7-09

18. DOCKET NO. 8-26-08-25

Continued MOTION BY THE STATE OIL AND GAS BOARD OF ALABAMA requesting Operator, Daybreak Oil and Gas, Inc., to show cause why the following abandoned wells located in the Gilbertown Field in Choctaw County, Alabama, and described hereinbelow should not be ordered plugged and abandoned in accordance with Rule 400-1-4-.14 of the State Oil and Gas Board of Alabama Administrative Code relating to Plugging and Abandonment of Wells and the well sites and associated tank battery sites restored in accordance with Rule 400-1-4-.16 of the State Oil and Gas Board of Alabama Administrative Code relating to Restoration of Location.

Gilbertown Field Wells (non-unitized) grouped by wells that produce to a common Tank Battery

<u>Permit No.</u> <u>(Tank Battery No.)</u>	<u>Well Name</u> <u>(Tank Battery)</u>	<u>Location</u>
190	A. M. Mosley #1	S3, T10N, R3W
1052	Leo Stewart	S2, T10N, R3W
3102	Stewart #3-9	S3, T10N, R3W
3094	Long #5-5	S5, T10N, R3W
4231	Kingree #5-12	S5, T10N, R3W
(102 TB)	(Carolyn Moseley #1)	S5, T10N, R3W
271	F. A. Adams et al #1	S6, T10N, R3W
(258 TB)	(Cooper Wigham # 1)	S6, T10N, R3W
3469	Smith Trice #34-10	S34, T11N, R4W
(3469 TB)	(Smith Trice #34-10)	S34, T11N, R4W

Gilbertown Field Well (non-unitized) with no tanks or salt water disposal well

<u>Permit No.</u>	<u>Well Name</u>	<u>Location</u>
3096	Steve Scruggs #32-10	S32, T11N, R4W

Gilbertown Field Wells in the Gilbertown (Eutaw Sand) Unit grouped by wells that produce to a common Tank Battery and a former water injection well

129	F. M. Mosley #1	S3, T10N, R3W
1367	Rex Alman #4	S4, T10N, R3W
113	Johnson Unit #1	S4, T10N, R3W
131-A	E. A. Rentz #2	S4, T10N, R3W
136 (former injection well)	F. M. Johnson 4-7 #2	S4, T10N, R3W

BOARD ACTION: Continued 5-7-09 to the September 10, 2009, meeting with the stipulation that the Long #5-5 Well and the Kingree #5-12 Well be plugged and abandoned and the well sites restored and the Carolyn Moseley #1 Tank Battery be removed and the tank battery site restored by September 1, 2009.

ORDER NO. 2009-40